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DEPARTMENT FOR NEA/ELA, EEB/ESC/TFS, L/AN, AND L/LFA

E.O. 12958: DECL: 04/14/2019  
TAGS: [PHUM](#) [PGOV](#) [PREL](#) [SY](#)  
SUBJECT: REQUEST FOR DEPARTMENT GUIDANCE ON ESF FUNDS  
ALLOCATED FOR SYRIA

Classified By: CDA Maura Connelly for reasons 1.4 (b) and (d)

11. (SBU) This is an action request. See para 6.

12. (C) SUMMARY: Embassy Damascus seeks Department guidance on how to proceed with planning for the recent USD 2.5 million allocation of "Governing Democratically and Justly" Economic Support Funds (ESF). In particular, we seek L's opinion on the legal restrictions that would apply to dispensing these funds in Syria, and we would like to know whether Washington would be willing to increase Embassy capacity for managing any new programming. END SUMMARY.

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SARG Restrictions  
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13. (C) In pursuing human rights programming the Embassy faces a major challenge in avoiding negative attention from the SARG. Much of the current in-country civil society programming receives funding from MEPI, but there have been difficulties in the past with getting the money into the country. Moreover, these programs are extremely sensitive and, if discovered by the SARG, would provoke harsh reprisals for any Syrians involved and very probably increase operational limitations on Embassy personnel.

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Legal Issues  
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14. (C) Post understands that Congress has appropriated USD 2.5 million in ESF funds to support "Governing Democratically and Justly" policy objectives. In considering the implications of that decision however, Post is unclear on how Syria's designation since 1979 as a State Sponsor of Terror governs the use of those ESF funds. Further, any programs directed toward the economic sector here might require the logistical participation of the Commercial Bank of Syria (CBS). The Treasury Department designated CBS as "an institution of primary money laundering concern" in 2004 under Section 311 of the U.S.A. Patriot Act, requiring U.S. financial institutions to cut off all banking relationships with it. Even though CBS is the only Syrian bank so designated, U.S. banks largely refuse to transact business with all banks in Syria out of concern over corporate risk and public perception. These legal and practical issues beg the question of how best Post can disburse money in Syria.

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Resource Issues  
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15. (C) As we move forward in our efforts to use the ESF, we must confront the issue of having only one authorized grants officer at Post. That officer works in the PD section, a section which is down to two officers, one of whom, the section head, will curtail this summer. We therefore seek

Washington guidance on whether additional resources might be available should there be a decision to spend this money in Syria.

16. (C) Post requests the Department's legal guidance on the issue of spending ESF funds in Syria as it develops its own policy-oriented proposals for the deployment of these funds.  
CONNELLY